



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index falls due to lack of support

The VN-Index failed to maintain its rally on Tuesday due to the absence of supporting information at the end of the year.

The benchmark index on the Ho Chi Minh Stock Exchange (HOSE) edged down 0.06 per cent to close yesterday at 958.88 points.

Nearly 229.7 million shares were traded on the southern bourse, worth VND4.2 trillion (US\$181.2 million).

The southern market index had gained 0.32 per cent to close Monday at 959.43 points.

The VN30-Index increased yesterday by 0.19 per cent to end at 869.88 points.

In the VN30 basket, 15 of the 30 largest stocks by market capitalisation and trading liquidity increased while twelve declined.

Across the southern exchange, there were 142 gainers and 177 decliners.

The construction conglomerate Cotec Construction JSC (CTD) was the worst performer in the VN-30 basket on Tuesday. CTD plummeted 4.5 per cent to VND53,100 per share.

Other large-caps also fell, including Vietcombank (VCB) (-1 per cent), Bao Viet Holdings (BVH) (-3.3 per cent), Sabeco (SAB) (-0.7 per cent), Military Bank (MBB) (-1.4 per cent), Vingroup (VIC) (-0.2 per cent) and Techcombank (TCB) (-0.4 per cent).

According to BIDV Securities Company, with the absence of supporting information at the end of the year, the VN-Index will mainly hover around 950 - 960 points. In that case, investors can consider stocks with good fundamentals and positive earnings results in 2019 to open positions.

Bao Viet Securities Co (BVSC) forecast that the VN-Index will rebound toward resistance zone 960.7-961.5 points during the next session. The index needs to penetrate through this resistance zone to confirm its recovery toward 969-970 points.

“The market will continuously experience a wild divergence among stock sectors. Large-cap VN-30 stocks are currently at their strong support zone, therefore, these stocks are expected to recover strongly in the future, especially in early 2020,” BVSC said.

Foreign investors net bought VND80.19 billion on the HOSE, including E1VFN30 (VND60.57 billion), Vinamilk (VNM) (VND31.55 billion) and Hoa Phat Group (HPG) (VND12.59 billion). They were net sellers on the HNX with a value of VND2.76 billion.

On the Ha Noi Stock Exchange, the HNX-Index climbed 0.10 per cent to end at 102.45 points.

Nearly 24.8 million shares were traded on the northern market, worth VND242.5 billion.

## Macro & Policies

### 2. Upbeat outlook on Korean investment in Vietnam

The wave of Korean investment in Vietnam is continuing as the Southeast Asian nation is considered a favorable destination for Korean capital flow, according to the Korea Trade and Investment Promotion Agency (KOTRA).

KOTRA reported that Korean firms have high hopes for Vietnam's growth potential and highly evaluate the skills and diligence of workers.

In a recent forum in Seoul, Korean Deputy Prime Minister and Minister of Economy and Finance Hong Nam-ki suggested Korean firms grasp opportunities to invest in Vietnam as the two countries' relationship is in a flourishing period.

As Vietnam is the core partner in the New Southern Policy of Korean President Moon Jae-in, many Korean corporations and investors have also looked to expand their investment in the Southeast Asian nation in retail, automobile, supporting industry, high-tech agriculture, environmentally friendly electronic and gas production, as well as banking.

A recent survey conducted by KOTRA showed that more than 90% of Korean firms are satisfied with their investments in Vietnam.

According to Korean garment-textile company Nateur Co., Ltd, Vietnam has posted high and stable economic growth for many years, and has a young and dynamic population.

Korean investment in Vietnam has expanded over the years with a rise of 37% each year, making Korea the largest foreign investor among the 132 countries and territories investing in Vietnam, at US\$67 billion by the end of November 2019. Vietnam is also South Korea's biggest investment recipient among ASEAN countries.

The vast Korean investment is manifested not only in the number of newly registered or large-scale projects but also in the fields of investment. Previously, Korean investment was mainly concentrated on production-export but recently Korean investment has shifted strongly towards

banking and finance, services, entertainment and property.

More and more giant Korean corporations such as SK, KEB Hana Bank are present in Vietnam while names such as LG, Samsung, KIA and Lotte have become all familiar in the country.

Korean enterprises are stepping up opening offices, building factories, establishing joint ventures, purchasing shares at Vietnamese enterprises in order to realize investment opportunities through both direct and indirect investment.

According to experts, the most important advantage South Korean investors can count on when investing in Vietnam is the fondness and trust Vietnamese people have for South Korean brands. Another major advantage for investors is the many similarities in values and preferences between Vietnamese and Koreans.

#### Taking actions

The Vietnamese government now also places high expectation for new Korean investment, especially in advanced and new technologies.

During the forum in Seoul, Prime Minister Nguyen Xuan Phuc said that Vietnam will continue to support foreign enterprises, including Korean companies, to invest and set up operations in the country.

PM Phuc called for Korean firms to invest in Vietnam's processing and manufacturing sector, auxiliary industry, renewable energy and fintech, as well as in industries that Korean firms held competitive advantages such as logistics and shipbuilding.

In addition, he urged the two sides to strengthen co-operation in the fields of education and healthcare with the objective of building state-of-the-art medical facilities in Vietnam.

However, in order for Korean investment in Vietnam to become more substantive, experts said

that it is necessary to continue removing economic bottlenecks by stepping up business environment reform, developing infrastructure, enhancing workforce quality, and fine-tuning the legal system in a way that is consistent,

transparent, predictable and in accordance with international standards. In addition, policies are needed to attract large-scale projects with new technologies and highly competitive products.

### 3. Vietnam has enough pork in stock: PM

The country still has 25 million pigs, and there has been increasing supply of other protein sources such as poultry and seafood, Prime Minister Nguyen Xuan Phuc said at a forum Monday.

He said prices have been rising because speculators have been spreading rumors of pork shortages to push up prices. Some producers have also been holding back their stock to wait higher prices.

"Whoever is holding back pork must be punished." The country could import thousands of tonnes more to lower prices, if needed, the PM said.

Pork imports this year in Ho Chi Minh City alone had surged 120 percent year-on-year to 13,000 tonnes as of mid-December, according to the city's trade department.

However, industry insiders say that importing now is a challenge due to limited global supply, because China has lowered pork tariffs to increase its intake.

Doan Ngoc Tho, CEO of meat importer THO Group, said prices have doubled from \$2 to \$4.3 per kilogram for pork from the E.U.

This means that retail price in Vietnam would be VND150,000 (\$6.5) kilogram of frozen pork, 50 percent more expensive than fresh domestic meat, he said.

Government agencies have previously estimated that Vietnam could be 200,000-300,000 tonnes of pork short this year after the African swine fever broke out in February, claiming the lives of 5.9 million pigs.

Pork prices have been reaching new heights in recent months. On Tuesday, it was VND95,000 (\$4) per kilogram, up 86 percent from January.

Industry insiders say that demand will increase further as Tet, the Lunar New Year holiday, which falls on the last week of January 2020, approaches.

### 4. Vietnam's tra fish exports to reach 2.3 billion USD in 2019

Vietnam is expected to rake in 2.3 billion USD from tra fish exports this year, according to the Directorate of Fisheries under the Ministry of Agriculture and Rural Development (MARD).

Despite market difficulties and low prices, the domestic tra fish sector was given a boost when the US Department of Agriculture officially recognised Vietnam's Pangasius Food Safety Control System after more than three years of negotiations.

The recognition was important for the development of the pangasius industry, MARD

official Phung Duc Tien said, adding that it proved Vietnam had a system in place that met US market requirements, which were among the strictest in the world.

In order to meet US regulations, the MARD said it had been working closely with stakeholders in Vietnam for three years to develop a system that met the US Farm Bill 2014.

"It will help local pangasius firms to access and expand their export markets, not only in the US but also in other regions," said Nguyen Nhu Tiep, Director of Agro-Forestry-Fisheries Quality

Assurance Department at MARD, adding that it would also encourage more enterprises to export pangasius to the US along with the existing 13 export markets.

According to the MARD's statistics, Vietnam has yearly production of 1.3 million tonnes of pangasius, India 650,000 tonnes, Bangladesh 450,000 tonnes, Indonesia 110,000 tonnes and China 10,000 tonnes.

The US Department of Commerce lowered anti-dumping duties on frozen pangasius fillets from Vietnam in the 15th period of review (POR15).

Last year, Vietnam exported 550 million USD worth of pangasius to the US, the country's second largest market./.

## 5. Farm-based economy contributes to new rural area building in Bac Ninh

Developing a farm-based economy with mass production has been defined as a key task by localities in the Red River Delta province of Bac Ninh as they look to become new-style rural areas.

Currently, more than 3,000 households in Bac Ninh are running farms and orchards, but only 167 of them have met production standards for farms.

Most farms and orchards have small areas, averaging 4ha each farm, and mainly rely on family members for labour, with some employing seasonal workers. They also mainly use private capital or community loans.

Some farms have teamed up to form agricultural cooperatives in order to expand production and provide different varieties and services for local farmers as well as help farmers sell their products.

This successful model has been rolled out on a larger scale, contributing to the establishment of production and husbandry areas that source materials for processing and export plants, creating jobs and raising incomes for local farmers, and promoting the household economy.

Thanks to these efforts, localities in Bac Ninh have moved towards the status of becoming new-style rural areas.

Agriculture-based economic models are important to building new-style rural areas, and address issues facing the household economy such as scientific-technological application in mass production.

They have also attracted capital from organisations and individuals, and provided access to new markets.

After the nine-year implementation of the National Target Programme on New-style Rural Area Building, Bac Ninh has completed the objectives set for the 2010-2020 period.

Upgraded rural infrastructure has better satisfied the demand of local people for production and daily activities, and the agriculture-based economy is shifting towards large-scale production.

By the end of July 2019, Bac Ninh had 89 out of 97 communes (91.75 percent) recognised as new-style rural areas, up 55.67 percent compared to the end of 2015.

The average number of criteria achieved per commune reached 18.85 (up 10 compared to 2010 and 3.14 compared to 2015).

The national target programme on new-style rural area building, initiated by the Government in 2010, sets 19 criteria on different aspects with the aim of giving a facelift to rural regions of Vietnam.

The list of criteria includes the development of infrastructure, the improvement of production capacity, environmental protection, and the promotion of cultural values.

Tien Du, Que Vo and Gia Binh districts and Tu Son town have also recognised by the Prime Minister as new-style rural areas. In Bac Ninh city alone three communes have been awarded the status.

It is noteworthy that the Prime Minister has issued a decision recognising Bac Ninh city as a first-tier city.

Located only 30km from Hanoi and 45km from Noi Bai International Airport, Bac Ninh belongs to the Northern Key Economic Region that also encompasses Hanoi, Hai Phong, Quang Ninh, Hai Duong, Bac Ninh and Vinh Phuc provinces.

The province has firmly established its place as a key part of the Northern Key Economic Region and the whole country.

Besides agriculture, Bac Ninh has led the country in industrial production value, and is also among the leading localities in various economic indicators. Its Gross Regional Domestic Product (GRDP) expanded about 10.6 percent last year, creating the momentum for the province to become a centrally-run city.

The province's total export turnover was estimated at 66.12 billion USD last year, representing a year-on-year rise of 6.6 percent.

In 2019, the province is aiming for GRDP growth of 7-8 percent, and import-export revenue of 62 billion USD./.

## 6. Bac Ninh's IPs target 1.2 quadrillion VND in industrial production value

Enterprises in industrial parks (IPs) of the northern province of Bac Ninh aim to generate 1.2 quadrillion VND in industrial production value in 2020.

According to reports presented at a recent conference to review the operation of local IPs in 2019 and propose orientations for 2020, production and business activities of enterprises in Bac Ninh's industrial parks maintained stability.

They exported 37.3 billion USD worth of products, and contributed 11.5 trillion VND (496.7 million USD) to the State budget, up 13 percent and 2 percent year-on-year, respectively.

Total newly registered and additional investment capital to projects in industrial parks hit 1.39 billion USD.

During the year, the IP management board has accelerated administrative reform and IT application, thus facilitating operation of investors and enterprises.

In 2020, Bac Ninh's industrial parks aim to attract between 90-95 projects with total capital of about 1.1 billion USD.

IP-based enterprises are hoped to generate an export value of 36 billion USD, contribute 13 trillion VND (561.4 million USD) to the State budget, and create jobs for 4,000-5,000 labourers.

Vice Chairman of the provincial People's Committee Nguyen Tien Nhuong praised the IP management board for its achievements in 2019, which he said have significantly contributed to the locality's socio-economic development.

He asked the board to make stronger efforts in promoting administrative reform and improving the investment environment, thus making it easier for enterprises in IPs to expand their operation.

At the meeting, participants stressed the need to develop modern IPs to attract large-scale and hi-tech enterprises.

Industrial parks in Bac Ninh have played crucial role in the locality's economic growth, contributing to promoting the economic structure transform, while improving the province's capacity in production and technology transfer, enhancing production efficiency and engaging deeper into the global production chain.

Established on August 25, 1998 under the Prime Minister's Decision 152, the IP management board of Bac Ninh has overcome various difficulties to complete all assigned tasks.

Particularly, strong performance in investment management and industrial park planning has helped Bac Ninh strongly thrive from a poor locality to one of the richest localities and a socio-economic development model with increasing role in the national economy.

Since 2000 when Bac Ninh launched its first industrial park of Tien Son, the province now has 16 concentrated industrial parks covering nearly 6,400 hectares.

Ten of them have been operational. The occupancy ratio of the parks has reached 88 percent of cleared land, much higher than the national average ratio.

The IPs attracted investment from 32 countries and territories.

Bac Ninh has been considered as a magnet for foreign direct investment (FDI) attraction with the rising pull of investment in recent years. FDI has made significant contributions to the socio-economic development of the locality, helping to increase its gross regional domestic product (GRDP) of the locality.

The province is always one of the six leading localities nationwide in terms of FDI attraction. This is an important foundation for the province to continue to bolster socio-economic growth, heading towards becoming a centrally-run city in 2022.

Bac Ninh has always paid great attention to luring multi-sectoral and multi-national economic groups, according to the province's leaders, who said that the presence of these groups has helped to form specialised industrial parks and clusters for the support industry. After several years of operation, some investors have decided to increase investment and expand production.

For the time to come, the province will focus its efforts on attracting investment to qualitative projects which can save resources and energy, use high technology, be environment friendly and yield high income.

## Corporate News

### 7. Masan ventures into detergent business

↑ 5.62%

The deal is slated for completion within two months, in line with prevailing regulations, marking an important milestone for Masan as it enters the homecare and personal care segment.

Established in 1968, NETCO has been one of Vietnam's leading suppliers of homecare products. The firm earned revenue of VND1.1 trillion last year, while its aftertax profit reached VND57 billion.

According to Masan, NETCO is valued at US\$46 million, with a price-to-earnings per share ratio of 19.

Masan said that the homecare and personal care segment is one of the largest and most attractive in Vietnam, accounting for US\$3.1 billion of the local market's total earnings.

The deal with NETCO is expected to provide a foundation for Masan to diversify its homecare and personal care products, according to Masan.

The segment holds great potential for growth, explained Truong Cong Thang, chairman and general director of Masan, adding that the cooperation between Masan and NETCO will help boost the two firms' profits and revenue in the coming months.

The homecare and personal care market is dominated by multinational firms, including Unilever and P&G. Domestic firms, such as Lix, NETCO and Duc Giang Chemicals Group JSC, typically supply detergent products.

### 8. VHC: The record date for the dividend payment

↓ -1.14%

HOSE announces the record date for the dividend payment of Vinh Hoan Corporation:

- Stock symbol: VHC
- Ex-right date: December 30, 2019
- Record date: December 31, 2019
- Purpose: to pay stock dividends for 2019.
- Exercise ratio: 1:1

The one who owns 01 share at the record date will receive 01 new share.

- Estimated issue volume: 90,973,013 shares.
- Plan to deal with fractional shares:

The distributed shares will be rounded down. The fractional shares will be canceled.

Place of payment:

- Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.
- Shareholders whose shares have not been deposited: shareholders will receive dividend at Vinh Hoan Corporation.

*Please submit ID card and Shareholder certificates or the legal authorized letters on receipt of dividend.*

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